

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Township of Vassar	County* TUSCOLA	Type* TOWNSHIP	MuniCode* 79-1-200
Opinion Date-Use Calendar* Oct 17, 2008	Audit Submitted-Use Calendar* Nov 10, 2008	Fiscal Year End Month* 06	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? <input checked="" type="checkbox"/> 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 480,832.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 340,394.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 560,765.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 34,062.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* Gary	Last Name* Anderson	Ten Digit License Number* 1101005446		
CPA Street Address* 715 E.Frank Street	City* Caro	State* MI	Zip Code* 48723	Telephone* +1 (989) 673-3137
CPA Firm Name* Anderson, Tuckey, Bernhardt	Unit's Street Address* 4505 W. Saginaw Rd, P.O. Box	Unit's City* Vassar	Unit's Zip* 48768	

TOWNSHIP OF VASSAR
Tuscola County, Michigan

Report on Financial Statements
(with required supplementary and additional information)
June 30, 2008

TOWNSHIP OF VASSAR

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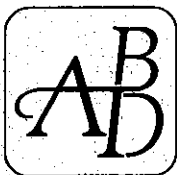
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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
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Robert L. Tuckey, CPA

October 17, 2008

REPORT OF INDEPENDENT AUDITORS

Members of the Township Board
Township of Vassar
Tuscola County, Michigan

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Vassar as of June 30, 2008 and for the year then ended, as listed in the Table of Contents, which collectively comprise the Township of Vassar's basic financial statements required by the accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Vassar management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of June 30, 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Vassar as of June 30, 2008, and the result of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages i through v and pages 14 and 15, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Vassar's basic financial statements. The additional information on pages 16 thru 19 is presented for purposes of additional analysis and is not a required part of the basis financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
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TOWNSHIP OF VASSAR
Management's Discussion and Analysis
June 30, 2008

As management of the Township of Vassar, we offer readers of the Township of Vassar financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended June 30, 2008.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the township has elected to exclude the comparative information. However, the MD&A will be comparative next year.

FINANCIAL HIGHLIGHTS

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$734,000 (net assets). Of this amount, \$651,841 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by approximately \$129,179.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of approximately \$685,403. Approximately \$387,318 is available for spending.
- At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$560,765, or 165 percent of total general fund expenditures.

OVERVIEW OF THE FIANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and refuse fund, which are considered to be the major funds.

The Township adopts an annual appropriated budget for its general fund and special revenue fund. Budgetary comparison statements have been provided for the general fund and the refuse fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 6 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 13 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and revenue budget. Required supplementary information can be found on pages 14 and 15 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$734,000 at the close of the most recent fiscal year.

A portion of the Township's assets (11 percent) reflects its investment in capital assets (e.g., land, buildings, furniture, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt on the assets it owns.

Township of Vassar's Net Assets

	<u>Governmental Activities</u>
	<u>June 30, 2008</u>
Current and other assets	\$ 707,804
Capital assets	82,159
Total assets	<u>789,963</u>
Current liabilities	<u>\$ 55,963</u>
Net assets:	
Invested in capital assets	82,159
Unrestricted	651,841
Total net assets	<u>\$ 734,000</u>

TOWNSHIP OF VASSAR
Management's Discussion and Analysis
June 30, 2008

Governmental activities. Governmental activities increased the Township's net assets by \$129,179. Key elements of this increase are as follows:

Township of Vassar's Changes in Net Assets

	<u>Governmental Activities</u> <u>June 30, 2008</u>
Revenues:	
Program revenues:	
Charges for services	166,909
General revenues:	
Property Taxes:	
Levied for general purposes	98,756
State sources	317,867
Vassar Township agg. royalties	17,945
Investment earnings	22,473
Other	28
Total revenues	<u>623,978</u>
Expenses:	
Legislative	16,421
General government	88,823
Public safety	124,589
Public works	248,074
Cultural and recreational	440
Other functions	13,698
Unallocated depreciation	2,754
Total expenses	<u>494,799</u>
Increase in net assets	129,179
Net assets, beginning of year	604,821
Net assets, end of year	<u>\$ 734,000</u>

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

TOWNSHIP OF VASSAR
Management's Discussion and Analysis
June 30, 2008

General Fund Budgetary Highlights

There was one minor amendment made to the budget during the year.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of June 30, 2008 amounts to \$82,159 (net of accumulated depreciation). This investment in capital assets includes land, buildings, furniture, and equipment.

Township of Vassar's Capital Assets
(net of depreciation)

	<u>Governmental Activities</u>
	<u>June 30, 2008</u>
Land	\$ 37,686
Buildings	41,795
Office equipment and furniture	2,678
	<u>\$ 82,159</u>

Additional information on the Township's capital assets can be found in Note 3 on page 11 of this report.

Economic Factors and Next Year's Budgets and Rates

Township of Vassar's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2009 that also promotes and funds numerous project objectives.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Township Office, 4505 W Saginaw Rd, P.O. Box 1651, Vassar, MI 48768.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF VASSAR
STATEMENT OF NET ASSETS
June 30, 2008

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash in bank	\$ 580,367
Taxes receivable- current and delinquent	3,497
Accounts receivable	4,500
Prepaid expense	119,440
	<hr/>
TOTAL CURRENT ASSETS	707,804
CAPITAL ASSETS	
Land	37,686
Capital assets, net of accumulated depreciation	44,473
	<hr/>
TOTAL CAPITAL ASSETS	82,159
	<hr/>
TOTAL ASSETS	<u><u>\$ 789,963</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
LIABILITIES	
Accounts payable	\$ 21,534
Accrued payroll taxes	-
Due to agency fund	367
Current Portion of long term debt	34,062
	<hr/>
TOTAL LIABILITIES	55,963
	<hr/>
<u>NET ASSETS</u>	
Invested in capital assets	82,159
Unrestricted	651,841
	<hr/>
TOTAL NET ASSETS	734,000
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 789,963</u></u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF VASSAR
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Functions/programs	Expenses	Program revenues		Net (expense) Revenue and Changes in Net Assets
		Charges for Services		Total Governmental Activities
Primary Government				
Governmental Activities				
Legislative	\$ 16,421			\$ (16,421)
General Government	88,823	\$	27,189	(61,634)
Public Safety	124,589			(124,589)
Public Works	248,074		139,720	(108,354)
Recreation & Culture	440			(440)
Other Functions	13,698			(13,698)
Unallocated Depreciation	2,754			(2,754)
Total Governmental Activities	<u>\$ 494,799</u>	<u>\$</u>	<u>166,909</u>	<u>(327,890)</u>
General revenues				
Taxes				\$ 98,756
Intergovernmental				313,299
Vassar Township Agg. Royalties				17,945
Metro Act				4,568
Investment Earnings				22,473
Other Revenues				<u>28</u>
Total General Revenues				<u>457,069</u>
Changes in Net Assets				129,179
Net Assets, Beginning of Year				<u>604,821</u>
Net Assets, End of Year				<u>\$ 734,000</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF VASSAR
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	<u>GENERAL</u>	<u>SPECIAL REVENUE (REFUSE)</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash in Bank	\$ 442,903	\$ 137,464	\$ 580,367
Accounts Receivable	4,500		4,500
Due from Fiduciary Funds	2,997		2,997
Prepaid Expense	119,440		119,440
TOTAL ASSETS	<u>\$ 569,840</u>	<u>\$ 137,464</u>	<u>\$ 707,304</u>
<u>LIABILITIES & FUND EQUITY</u>			
Liabilities:			
Accounts Payable	\$ 9,075	\$ 12,459	\$ 21,534
Accrued Payroll Taxes	-		-
Due to Other Funds		367	367
Total Liabilities	<u>9,075</u>	<u>12,826</u>	<u>21,901</u>
Fund Equity:			
Undesignated	298,085		298,085
Designated	262,680	124,638	387,318
Total Fund Equity	<u>560,765</u>	<u>124,638</u>	<u>685,403</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 569,840</u>	<u>\$ 137,464</u>	<u>\$ 707,304</u>
Total governmental fund balances			\$ 685,403
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Cost of the capital assets		\$ 102,228	
Less Accumulated Depreciation		<u>(20,069)</u>	82,159
Other long-term assets are not available to pay for current period expenditures and, there, are deferred in the funds			
Delinquent personal property taxes receivable, less allowance for doubtful accounts			500
Long-term liabilities are not due & payable in the current period & are not reported in the funds:			
Notes payable			<u>(34,062)</u>
Net assets of governmental activities			<u>\$ 734,000</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF VASSAR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2008

	<u>GENERAL</u>	<u>SPECIAL REVENUE (REFUSE)</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
Property taxes	\$ 98,756		\$ 98,756
Trailer park fees	1,237		1,237
Licenses & permits	3,532		3,532
Vassar Township Agg. Royalties	17,945		17,945
State revenue sharing	313,299		313,299
Charges for services:			
Property tax administration	14,920		14,920
Fire protection	7,500		7,500
Interest	19,075	\$ 3,398	22,473
Metro act revenue	4,568		4,568
Special assessment - refuse	-	139,720	139,720
Other revenue	-	28	28
TOTAL REVENUES	<u>480,832</u>	<u>143,146</u>	<u>623,978</u>
EXPENDITURES:			
Legislative:			
Township Board	16,421		16,421
General Government:			
Supervisor	10,422		10,422
Elections	8,167		8,167
Assessor	22,274		22,274
Professional services	8,233		8,233
Clerk	13,473		13,473
Board of Review	1,132		1,132
Treasurer	12,560		12,560
Township Hall	12,562		12,562
Public Safety:			
Police protection	68,607		68,607
Fire protection	38,318		38,318
Ambulance	17,664		17,664
Public Works:			
Highways & streets	81,506		81,506
Drains at Large	2,186		2,186
Sanitation	-	151,651	151,651
Planning & zoning	12,531		12,531
Cemetery	200		200
Recreation & Culture:			
Parks & recreation	440		440
Other Functions:			
Payroll taxes	3,776		3,776
Insurance	8,147		8,147
Miscellaneous	1,775		1,775
TOTAL EXPENDITURES	<u>340,394</u>	<u>151,651</u>	<u>492,045</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>140,438</u>	<u>(8,505)</u>	<u>131,933</u>
FUND BALANCE - JULY 1	<u>420,327</u>	<u>133,143</u>	<u>553,470</u>
FUND BALANCE - JUNE 30	<u>\$560,765</u>	<u>\$124,638</u>	<u>\$ 685,403</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF VASSAR
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

Total net change in fund balances - governmental funds	\$ 131,933
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as depreciation:

Depreciation expense	(2,754)
Capital outlay	-

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Accrued revenue at the beginning of the year	(500)
Accrued revenue at the end of the year	500

Change in net assets of governmental activities	<u>\$ 129,179</u>
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The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF VASSAR
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2008

	<u>Tax Collection Fund</u>
 <u>ASSETS</u>	
Cash in Bank	\$ 4,255
Taxes Receivable	559
Due from Other Funds	<u>367</u>
<i>Total Assets</i>	<u><u>\$ 5,181</u></u>
 <u>LIABILITIES</u>	
Liabilities:	
Due to Other Funds	\$ 2,997
Due to Other Governmental Units	<u>2,184</u>
<i>Total Liabilities</i>	<u><u>\$ 5,181</u></u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF TOWNSHIP OPERATIONS & FUND TYPES:

The Township of Vassar, Tuscola County, Michigan covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 4,300 residents in many areas including law enforcement, administration of justice, community enrichment, development and human services.

The financial statements of the Township of Vassar have been prepared in conformity with U.S. generally accepted accounting principals (GAAP) as applied to government units. The U.S. Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. ADOPTION OF NEW ACCOUNTING STANDARDS:

During the fiscal period 2008, the Township adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issue June 1999; GASB Statement 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus, an amendment to GASB Statement No 21 and No. 34, issued June 2001, and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. These statements require the Township to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The following table shows beginning net assets related for the effects of implementation of GASB Statement No. 34:

Fund balance at June 30, 2007 – governmental funds	\$553,470
Taxes receivable	500
Net capital assets (restated)	84,913
Notes payable	<u>(34,062)</u>
Restated net assets – July 1, 2007	<u>\$604,821</u>

B. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Vassar, Tuscola County include the accounts of all Township operations. The Township's major operations include fire protection, road maintenance, and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current periods. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The Refuse Fund accounts for the tax levy for the purpose of operating the refuse collection.

Also, the government reports as fiduciary funds, the tax collection fund (agency fund).

The Agency Fund is utilized to account for the Township's collection of taxes for other governmental units.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued):

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resources, as they are needed.

E. ASSETS, LIABILITIES AND NET ASSETS

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

3. Receivables

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls, which are secured by the underlying property.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. ASSETS, LIABILITIES AND NET ASSETS (Continued)

4. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40-60 years
Office Equipment	5-7 years
Computer Equipment	3-7 years

5. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district and local school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. In addition the township collected the state education tax and the county tax that was levied July 1 and due September 15.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 3 – CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets is as follows:

	BALANCE JUNE 30, 2007	ADDITIONS	REDUCTIONS	BALANCE JUNE 30, 2008
Land	\$ 37,686	\$ -	\$ -	\$ 37,686
Buildings	52,244	-	-	52,244
Equipment	11,474	-	-	11,474
Furniture	824	-	-	824
Accumulated Depreciation	(17,315)	(2,754)	-	(20,069)
Net Carrying Value	<u>\$ 84,913</u>	<u>\$ (2,754)</u>	<u>\$ -</u>	<u>\$ 82,159</u>

NOTE 4 – DEPOSITS AND INVESTMENTS:

As of June 30, 2008, the Township had no investments.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of June 30, 2008, \$237,625 of the Township's bank balance of \$537,625 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Foreign currency risk. The Township is not authorized to invest in investments which have this type of risk.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued):

The Township's cash and cash equivalents at June 30, 2008 are composed of the following:

CASH AND CASH EQUIVALENTS	
<hr/>	
General Fund:	
Deposits	\$442,903
Other Funds:	
Deposits	<u>137,464</u>
Total Deposits:	<u><u>\$580,367</u></u>

Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

NOTE 5 – EMPLOYEE BENEFITS:

The Township pays no employee benefits. The Township also does not provide any post-employment benefits to retirees.

NOTE 6 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 7 - LEGAL COMPLIANCE - BUDGETS:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or prior to July 1 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. Prior to July 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.

TOWNSHIP OF VASSAR, TUSCOLA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 7 - LEGAL COMPLIANCE – BUDGETS (Continued):

7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level. Violations, if any, are noted in the required supplementary information.
8. No budget was adopted for the special revenue fund, which is a violation of P.A. 621.

NOTE 8 – DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at June 30, 2008 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
General Fund	\$ 2,997	
Refuse Fund		\$ 367
Current Tax Collection Fund	367	2,997
TOTAL	\$ 3,364	\$ 3,364

NOTE 9 – DESIGNATED FUND BALANCE:

The fund balance in the General Fund has been designated by the Board for the purpose of recreation or new hall construction in the amount of \$262,680.

NOTE 10 – FIRE TRUCK:

On June 14, 2005, Vassar Township entered into an agreement with the City of Vassar to pay \$74,247 for the cost of a new fire truck for the City of Vassar. The interest rate is 4.75%. The annual payment amount is \$17,031 for principal and interest. The Township made payments in March 2006 and 2007 and June 2007. As of June 30, 2008, the annual installments due on October 1, 2007 and 2008 have not been made yet.

REQUIRED SUPPLEMENTARY INFORMATION

TOWNSHIP OF VASSAR
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Property taxes	\$ 81,587	\$ 81,587	\$ 98,756	\$ 17,169
Trailer park fees	1,500	1,500	1,237	(263)
Licenses & permits	1,500	1,500	3,532	2,032
Vassar Township Agg. Royalties	30,000	30,000	17,945	(12,055)
State revenue sharing	309,708	309,708	313,299	3,591
Charges for services:				
Property tax administration	15,000	15,000	14,920	(80)
Fire protection	4,000	4,000	7,500	3,500
Interest	4,300	4,300	19,075	14,775
Metro act revenue	-	-	4,568	4,568
Other Revenue	500	500	-	(500)
TOTAL REVENUES	<u>448,095</u>	<u>448,095</u>	<u>480,832</u>	<u>32,737</u>
EXPENDITURES:				
Legislative:				
Township Board	13,490	13,490	16,421	(2,931)
General Government:				
Supervisor	9,755	9,755	10,422	(667)
Elections	6,450	6,450	8,167	(1,717)
Assessor	23,500	23,500	22,274	1,226
Professional services	13,200	13,200	8,233	4,967
Clerk	12,806	13,342	13,473	(131)
Board of Review	1,300	1,300	1,132	168
Treasurer	12,936	12,936	12,560	376
Township Hall	24,300	24,300	12,562	11,738
Public Safety:				
Police protection	80,500	80,500	68,607	11,893
Fire protection	53,000	53,000	38,318	14,682
Ambulance	20,480	20,480	17,664	2,816
Public Works:				
Highways & streets	276,402	276,402	81,506	194,896
Drains at large	2,000	2,000	2,186	(186)
Planning & zoning	13,550	13,550	12,531	1,019
Cemetery	200	200	200	-
Recreation & Culture:				
Parks & recreation	480	480	440	40
Other Functions:				
Payroll taxes	3,000	3,000	3,776	(776)
Insurance	9,000	9,000	8,147	853
Miscellaneous	83,700	83,700	1,775	81,925
TOTAL EXPENDITURES	<u>660,049</u>	<u>660,585</u>	<u>340,394</u>	<u>320,191</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(211,954)</u>	<u>(212,490)</u>	<u>140,438</u>	<u>352,928</u>
FUND BALANCE - JULY 1	<u>420,327</u>	<u>420,327</u>	<u>420,327</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 208,373</u>	<u>\$ 207,837</u>	<u>\$ 560,765</u>	<u>\$ 352,928</u>

TOWNSHIP OF VASSAR
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
REFUSE FUND
SPECIAL REVENUE FUND
For the Year Ended June 30, 2008

	<u>ORIGINAL/FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:			
Interest	\$ -	\$ 3,398	\$ 3,398
Special assessment - refuse	-	139,720	139,720
Other Revenue		28	28
TOTAL REVENUES	<u>-</u>	<u>143,146</u>	<u>143,146</u>
EXPENDITURES:			
Public Works:			
Sanitation	<u>-</u>	<u>151,651</u>	<u>(151,651)</u>
TOTAL EXPENDITURES	<u>-</u>	<u>151,651</u>	<u>(151,651)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(8,505)</u>	<u>(8,505)</u>
FUND BALANCE - JULY 1	<u>133,143</u>	<u>133,143</u>	<u>-</u>
FUND BALANCE - JUNE 30	<u>\$ 133,143</u>	<u>\$ 124,638</u>	<u>\$ (8,505)</u>

ADDITIONAL INFORMATION

TOWNSHIP OF VASSAR
Schedule of General Fund Expenditures
Year Ended June 30, 2008

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
Township Board:			
Salaries	\$ 3,090	\$ 2,704	\$ 386
Operating supplies	1,400	2,570	(1,170)
Notices	1,500	843	657
Memberships & dues	2,800	5,325	(2,525)
Miscellaneous	4,700	4,979	(279)
Total Township Board	13,490	16,421	(2,931)
Supervisor:			
Salary	8,755	9,826	(1,071)
Supplies	200	205	(5)
Mileage	100	220	(120)
Telephone	700	171	529
Total Supervisor	9,755	10,422	(667)
Elections:			
Wages	5,000	3,575	1,425
Mileage	100	108	(8)
Notices	100	595	(495)
Operating expenses	1,250	3,889	(2,639)
Total Elections	6,450	8,167	(1,717)
Assessor:			
Salary	22,000	21,183	817
Operating supplies	1,500	1,091	409
Total Assessor	23,500	22,274	1,226
Professional Services:			
Accounting	3,200	2,625	575
Attorney	10,000	5,608	4,392
Total Professional Services	13,200	8,233	4,967
Clerk:			
Salary	10,506	10,652	(146)
Salary - deputy	2,036	2,085	(49)
Operating supplies	500	41	459
Telephone	50	-	50
Mileage	250	695	(445)
Total Clerk	13,342	13,473	(131)

TOWNSHIP OF VASSAR
Schedule of General Fund Expenditures
Year Ended June 30, 2008

(Continued)	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
Board of Review:			
Per diem	\$ 1,200	\$ 1,110	\$ 90
Operating supplies	-	-	-
Mileage	-	-	-
Notices	100	22	78
Total Board of Review	1,300	1,132	168
Treasurer:			
Salary	10,506	10,506	-
Salary - deputy	1,100	801	299
Operating supplies	1,000	921	79
Mileage	300	302	(2)
Miscellaneous	30	30	-
Total Treasurer	12,936	12,560	376
Township Hall:			
Supplies	300	159	141
Utilities	4,000	3,016	984
Capital Outlay	5,000	1,245	3,755
Renovations	3,500	276	3,224
Repairs & maintenance	11,500	7,866	3,634
Total Township Hall	24,300	12,562	11,738
Police Protection:			
Miscellaneous	500	-	500
Contracted services	80,000	68,607	11,393
Total Police Protection	80,500	68,607	11,893
Fire Protection:			
Miscellaneous	3,000	675	2,325
Contracted services	50,000	37,643	12,357
Total Fire Protection	53,000	38,318	14,682
Ambulance:			
Miscellaneous	480	240	240
Contracted services	20,000	17,424	2,576
Total Ambulance	20,480	17,664	2,816
Highways & Streets:			
Repairs & maintenance	276,402	81,506	194,896
Drains at large	2,000	2,186	(186)

TOWNSHIP OF VASSAR
Schedule of General Fund Expenditures
Year Ended June 30, 2008

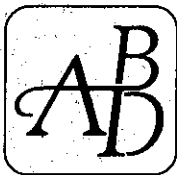
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
(Continued)			
Planning & Zoning:			
Salaries & per diem	\$ 11,200	\$ 10,724	\$ 476
Mileage	150	346	(196)
Operating supplies	600	61	539
Notices	100	418	(318)
Telephone	100	46	54
ZA Fuel Allotment	1,200	936	264
Miscellaneous	200	-	200
Total Planning & Zoning	<u>13,550</u>	<u>12,531</u>	<u>1,019</u>
Cemetery	<u>200</u>	<u>200</u>	<u>-</u>
Parks & Recreation:	<u>480</u>	<u>440</u>	<u>40</u>
Payroll Taxes	<u>3,000</u>	<u>3,776</u>	<u>(776)</u>
Insurance	<u>9,000</u>	<u>8,147</u>	<u>853</u>
Miscellaneous	<u>83,700</u>	<u>1,775</u>	<u>81,925</u>
TOTAL EXPENDITURES	<u><u>\$ 660,585</u></u>	<u><u>\$ 340,394</u></u>	<u><u>\$ 320,191</u></u>

See the accompanying notes.

TOWNSHIP OF VASSAR
Agency Funds
Schedule of Changes in Assets & Liabilities -
Current Tax Collection Fund
Year Ended June 30, 2008

	<u>BALANCE</u> <u>7/1/2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/2008</u>
<u>ASSETS</u>				
Cash in bank	\$ 3,066	\$ 1,189	\$ -	\$ 4,255
Due from road fund	367	-	-	367
Taxes receivable	<u>-</u>	<u>1,519,970</u>	<u>1,519,411</u>	<u>559</u>
TOTAL ASSETS	<u>\$ 3,433</u>	<u>\$ 1,521,159</u>	<u>\$ 1,519,411</u>	<u>\$ 5,181</u>
 <u>LIABILITIES</u>				
Due to general fund	\$ 3,061	\$ 235,236	\$ 235,172	\$ 2,997
Due to other governmental units	<u>372</u>	<u>1,284,175</u>	<u>1,285,987</u>	<u>2,184</u>
TOTAL LIABILITIES	<u>\$ 3,433</u>	<u>\$ 1,519,411</u>	<u>\$ 1,521,159</u>	<u>\$ 5,181</u>

See the accompanying notes.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel
.....
Robert L. Tuckey, CPA

October 17, 2008

To the Members of the Board
Township of Vassar

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Township of Vassar for the year ended June 30, 2008, and have issued our report thereon dated October 17, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 27, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 27, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Vassar are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township of Vassar changed its accounting policies related to full accrual financial statements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 34, in 2008. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 1. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Office locations in Caro,
Cass City & Marlette

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 17, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

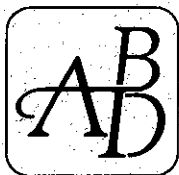
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Township of Vassar and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel
.....
Robert L. Tuckey, CPA

October 17, 2008

To the Members of the Board
Township of Vassar

In planning and performing our audit of the financial statements of the Township of Vassar as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Vassar's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiencies:

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Township segregate duties whenever possible.

Financial Statements (Repeat)

After considering the qualifications of the accounting personnel of the Township of Vassar, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

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Refuse Fund Budget

The township is required to adopt a budget for the general fund and the refuse fund (a special revenue fund). The township did not adopt a budget for the refuse fund. We recommend the township adopt a refuse fund budget when they are adopting their general fund budget. We also recommend the township review all budgets prior to year end and make any budget amendments that are necessary.

This communication is intended solely for the information and use of management, the Township of Vassar, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Township of Vassar and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,



Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants